

110TH CONGRESS
2D SESSION

H. R. 5992

To amend the Internal Revenue Code of 1986 to allow a refundable credit against income tax for the purchase of real property by a first-time purchaser.

IN THE HOUSE OF REPRESENTATIVES

MAY 7, 2008

Mr. SHULER introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow a refundable credit against income tax for the purchase of real property by a first-time purchaser.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “First Time Property
5 Owners Tax Credit Act of 2008”.

6 **SEC. 2. REFUNDABLE CREDIT FOR FIRST-TIME PURCHASE** 7 **OF REAL PROPERTY.**

8 (a) IN GENERAL.—Subpart C of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of
10 1986 (relating to refundable credits) is amended by redes-

ignating section 36 as section 37 and by inserting after section 35 the following new section:

“SEC. 36. FIRST-TIME PURCHASE OF REAL PROPERTY.

“(a) ALLOWANCE OF CREDIT.—In the case of an individual who is a first-time purchaser of real property in the United States during any taxable year, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to 5 percent of the purchase price of such property.

“(b) LIMITATIONS.—

“(1) MAXIMUM DOLLAR AMOUNT.—

“(A) IN GENERAL.—The credit allowed under subsection (a) shall not exceed the excess (if any) of \$1,500 (2 times such amount in the case of a joint return).

“(B) INFLATION ADJUSTMENT.—In the case of any taxable year beginning after December 31, 2008, the \$1,500 amount under subparagraph (A) shall be increased by an amount equal to \$1,500, multiplied by the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins by substituting ‘2007’ for ‘1992’ in subparagraph (B) thereof. If the \$1,500 amount as adjusted under the preceding sentence is not a

1 multiple of \$10, such amount shall be rounded
2 to the nearest multiple of \$10.

3 “(2) TAXABLE INCOME LIMITATION.—

4 “(A) IN GENERAL.—If the taxable income
5 of the taxpayer for any taxable year exceeds the
6 maximum taxable income in the table under
7 subsection (a), (b), (c), or (d) of section 1,
8 whichever is applicable, to which the 25 percent
9 rate applies, the dollar amounts in effect under
10 paragraph (1)(A) for such taxpayer for the fol-
11 lowing taxable year shall be reduced (but not
12 below zero) by the amount of the excess.

13 “(B) CHANGE IN RETURN STATUS.—In the
14 case of married individuals filing a joint return
15 for any taxable year who did not file such a
16 joint return for the preceding taxable year, sub-
17 paragraph (A) shall be applied by reference to
18 the highest taxable income of either such indi-
19 vidual for the preceding taxable year.

20 “(c) DEFINITIONS AND SPECIAL RULES.—For pur-
21 poses of this section—

22 “(1) FIRST-TIME PURCHASER.—

23 “(A) IN GENERAL.—The term ‘first-time
24 purchaser’ means any individual if such indi-
25 vidual (and if married, such individual’s spouse)

1 had no present ownership interest in real prop-
2 erty during the 2-year period ending on the
3 date of acquisition of the property to which sub-
4 section (a) applies.

5 “(B) ONE-TIME ONLY.—If an individual is
6 treated as a first-time purchaser with respect to
7 any real property, such individual may not be
8 treated as a first-time purchaser with respect to
9 any other real property.

10 “(C) MARRIED INDIVIDUALS FILING
11 JOINTLY.—In the case of married individuals
12 who file a joint return, the credit under this
13 section is allowable only if both individuals are
14 first-time purchasers.

15 “(D) OTHER TAXPAYERS.—If 2 or more
16 individuals who are not married purchase real
17 property—

18 “(i) the credit under this section is al-
19 lowable only if each of the individuals is a
20 first-time purchaser, and

21 “(ii) the amount of the credit allowed
22 under subsection (a) shall be allocated
23 among such individuals in such manner as
24 the Secretary may prescribe, except that
25 the total amount of the credits allowed to

1 all such individuals shall not exceed the
2 amount in effect under subsection
3 (b)(1)(A) for individuals filing joint re-
4 turns.

5 “(2) PURCHASE.—The term ‘purchase’ means
6 any acquisition, but only if—

7 “(A) the property is not acquired from a
8 person whose relationship to the person acquir-
9 ing it would result in the disallowance of losses
10 under section 267 or 707(b) (but, in applying
11 section 267 (b) and (c) for purposes of this sec-
12 tion, paragraph (4) of section 267(c) shall be
13 treated as providing that the family of an indi-
14 vidual shall include only the individual’s spouse,
15 ancestors, and lineal descendants), and

16 “(B) the basis of the property in the hands
17 of the person acquiring it is not determined—

18 “(i) in whole or in part by reference
19 to the adjusted basis of such property in
20 the hands of the person from whom ac-
21 quired, or

22 “(ii) under section 1014(a) (relating
23 to property acquired from a decedent).

24 “(3) PURCHASE PRICE.—The term ‘purchase
25 price’ means the adjusted basis of the property on

1 the date on which a binding contract to acquire such
2 property is entered into.

3 “(d) DENIAL OF DOUBLE BENEFIT.—No credit shall
4 be allowed under subsection (a) for any expense for which
5 a deduction or credit is allowed under any other provision
6 of this chapter.

7 “(e) BASIS ADJUSTMENT.—For purposes of this sub-
8 title, if a credit is allowed under this section with respect
9 to the purchase of any property, the basis of such property
10 shall be reduced by the amount of the credit so allowed.

11 “(f) PROPERTY TO WHICH SECTION APPLIES.—The
12 provisions of this section apply to real property if—

13 “(1) the taxpayer purchases such property on
14 or after January 1, 2008, and before January 1,
15 2013, or

16 “(2) the taxpayer enters into, on or after Janu-
17 ary 1, 2008, and before January 1, 2013, a binding
18 contract to purchase such property before July 1,
19 2014.”.

20 (b) CONFORMING AMENDMENTS.—

21 (1) Subsection (a) of section 1016 of the Inter-
22 nal Revenue Code of 1986 (relating to general rule
23 for adjustments to basis) is amended by striking
24 “and” at the end of paragraph (35), by striking the
25 period at the end of paragraph (36) and inserting “,

1 and”, and by adding at the end the following new
2 paragraph:

3 “(37) in the case of real property with respect
4 to which a credit was allowed under section 36, to
5 the extent provided in section 36(e).”.

6 (2) Section 1324(b)(2) of title 31, United
7 States Code, is amended by inserting “or 36” after
8 “section 35”.

9 (c) CLERICAL AMENDMENT.—The table of sections
10 for subpart C of part IV of subchapter A of chapter 1
11 of the Internal Revenue Code of 1986 is amended by strik-
12 ing the item relating to section 36 and inserting the fol-
13 lowing new items:

 “Sec. 36. First-time purchase of real property.
 “Sec. 37. Overpayments of tax.”.

14 (d) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to taxable years beginning after
16 December 31, 2007.

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